



PRESS RELEASE

Internal Revenue Service - Criminal Investigation
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GRANVILLE MAN PLEADS GUILTY FOR ROLE IN A MORTGAGE FRAUD SCHEME

CINCINNATI, OHIO – Richard E. Nobles, Jr., 40, of Granville, Ohio, pleaded guilty one count of money laundering relative to his role in a mortgage fraud scheme. Nobles faces a maximum of 10 years in prison and a fine of up to \$250,000.

Carter M. Stewart, United States Attorney for the Southern District of Ohio and Kathy A. Enstrom, Special Agent in Charge, Internal Revenue Service Criminal Investigation, Cincinnati Field Office, announced the guilty plea entered before U.S. Magistrate Judge Norah McCann King.

According to court documents, Nobles is a licensed real estate agent and between 2006 and 2008 purchased various distressed residential properties in need of remodeling. The properties were purchased in the names of entities that Nobles controlled, including Home Team Real Estate Solutions Ltd., Zircon Funding Ltd., and Noble Presence Farm LLC.

In most instances, Nobles made improvements to the houses with the intent to “flip” the homes for a profit. Nobles enlisted the services of several mortgage brokers who assisted him in locating buyers with credit scores that would allow them to qualify for loans. The buyers were usually investors seeking rental properties, but few had any real estate experience. The mortgage brokers, acting on the promise of additional kickback payments from Nobles, found buyers who were unqualified for the loans in that they lacked the ability to make the down payments needed to buy investment properties.

In order to qualify the investors for mortgages, the mortgage brokers completed fraudulent Uniform Residential Loan Application Forms 1003 ("loan applications") on their behalf. These loan applications indicated that the investor would provide the down payment for the property. In reality, these investors did not have the down payment funds, and the mortgage brokers understood that Nobles would provide the down payment for the investor at the time of closing.

Nobles then conducted financial transactions through various bank accounts he controlled to provide the funds for the buyers' down payments. Nobles concealed the source of the funds by purchasing cashier's

checks out of bank accounts under his control, and instructing the banks to list the investor as the remitter or purchaser of the checks. In some instances the buyers did not even know a down payment was made. During each closing, Nobles signed a Form HUD-1 Settlement Statement indicating that the investor paid the down payment for the home, knowing the HUD-1 Settlement Statement was false.

Nobles also paid kickbacks to the mortgage brokers and others who assisted in the deals. The kickbacks ranged from approximately \$4,000 to approximately \$100,000. Nobles did not disclose on the HUD-1 Settlement Statements that he was the source of the down payments or that any of the kickbacks had been paid out of the mortgage proceeds.

Nobles understood that the HUD-1 Settlement Statements for each property sale were false because they failed to disclose the true source of the down payments and the kickbacks paid. Nobles perpetrated this scheme on nine properties during 2007 and 2008.

Between 2007 and 2008, Nobles sold nine properties facilitated by his false statements to lenders. Nobles' actions caused lending institutions to provide investors with \$2,526,955 in loans that subsequently defaulted and caused approximately \$1,796,863.48 in loss.

"Mortgage fraud is every bit as corrosive to American society as street crime," said Kathy A. Enstrom, Special Agent in Charge IRS Criminal Investigation, Cincinnati Field Office. "By now, there have been enough mortgage fraud related convictions around the country that those who are thinking about doing it ought to know that they are going to get caught."

This case was prosecuted by Assistant United States Attorney Laura M. Fulton and was investigated by special agents of IRS-Criminal Investigation.

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